

**THE CONSTITUTION OF
THE SOUTH AFRICAN HOME EQUITY RELEASE PROTECTION ASSOCIATION
(SAHERPA)**

1. PREAMBLE:

1.1 Certain individuals, namely:

Mr. P.S. ROENBROEK (ID number 4403145637083),
Ms. C. Lu (ID number 8001240027086),
Mr. J.N. CRAG (ID number 7006705023083), and
Mr. J. BENJEL (ID number 3912065054085),

who represent various organisations that have diverse interests in the fledgling South African Home Equity Release industry, hereby resolve to establish the South African Home Equity Release Protection Association, a voluntary association.

- 1.2 The above named individuals will be deemed to be the Interim Management Committee of the Association.
- 1.3 The Interim Management Committee will make all decisions by consensus, and will resolve who will be appointed as Interim Chairman, Interim Deputy Chairman, Interim Secretary and Interim Treasurer from amongst their number.
- 1.4 The Interim Management Committee will have the authority to make all decisions on the Association's behalf until the first Annual or Special General Meeting of the Association, which must be convened within 6 months of the establishment of the Association.
- 1.5 The Interim Management Committee will automatically relinquish their posts upon conclusion of the Association's first Annual or Special General Meeting, at which point the office bearers of the Association will have been appointed or elected as the case may be.
- 1.6 It is however specifically recorded that the Interim Management Committee will not have the power or authority to make any changes to either the Constitution or the Code of Conduct, which is set forth in Schedule "B" attached to this Constitution. Such changes, if required, can only be effected in terms of this Constitution, following the first Annual or Special General Meeting of the Association.

2. NAME:

- 2.1 The name of the organisation shall be the **South African Home Equity Release Protection Association** hereinafter referred to as "**SAHERPA**".

3. MISSION:

- 3.1 To act on behalf of Member Organisations and Senior Citizens with a view to promoting and advancing the interests, welfare and quality of life of such Senior Citizens by promoting the benefits of the Home Equity Release concept in accordance with the Code of Conduct adopted by SAHERPA.

4. OBJECTIVES:

- 4.1. To obtain consensus of opinion from its Member Organisations on matters of interest common to the Home Equity Release industry and Senior Citizen clients, and to take appropriate action where deemed necessary.
- 4.2. To become involved in and strive to co-operate with Government in the creation of positive, pro-active supporting legislation where necessary, aimed at allowing the industry to develop its maximum potential for the benefit of both Member Organisations, Senior Citizen's and other stakeholders.
- 4.3. To negotiate with organisations with similar objectives should any become operational.
- 4.4. To approach and engage with the media on matters pertaining to the mission and objectives of SAHERPA.
- 4.5. To liaise with local and international bodies of a similar nature to SAHERPA on matters of mutual interest.
- 4.6. To disseminate relevant information to its Member Organisations and interested parties.
- 4.7. To identify, help and encourage voluntary membership of SAHERPA by all relevant industry participants.
- 4.8. To research, develop, implement and amend (as required from time to time) such a Code of Conduct and rules of approval that Member Organisations will follow and adhere to as part of their normal business practice, in the interests of the Senior Citizens of the Republic of South Africa and the Home Equity Release industry
- 4.9. To promote the responsible development and sustainability of the Home Equity Release industry in South Africa.
- 4.10. Anything ancillary to the above.

5. STATUS:

5.1. SAHERPA shall:

- 5.1.1. Exist in its own right, independantly and separately from any of its Member Organisations or any other affiliated, subsidiary or associated bodies.
- 5.2. Continue to exist even when its membership changes and different Office Bearers are elected.
- 5.3. Be able to own property and other possessions.
- 5.4. Be able to sue and be sued in the name of SAHERPA, and the power to sue or defend shall be signed by the Chairman and the Deputy Chairman on behalf of and subject to the approval of the Board.



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6. DEFINITIONS:

- 6.1. "Association" means the South African Home Equity Release Protection Association;
- 6.2. "Committee" means the Management Committee of SAHERPA as appointed from time to time in terms of clause 18.1 or clause 23.3, as the case may be;
- 6.3. "Code of Conduct" means the Code of Conduct applicable to Member Organisations from time to time, as agreed or amended by two-thirds (2/3) of the delegates of Member Organisations present and eligible to vote at an Annual General Meeting or Special General Meeting of the Association;
- 6.4. "Financial Year" means the year commencing on the first day of March and ending on the last day of February of the following year;
- 6.5. "General Meeting" means an Annual General Meeting or a Special General Meeting;
- 6.6. "Government" means any department of the National or Provincial Government of the Republic of South Africa;
- 6.7. "Home Equity Release Products" means the definition as stipulated in the SAHERPA Code of Conduct, the term "Home Equity Release" will have a corresponding meaning;
- 6.8. "Media" means the press, radio and / or television;
- 6.9. "Member Organisation" means an organisation or entity that has successfully applied for, been admitted to and continues to be a member of SAHERPA;
- 6.10. "Office Bearers" means the Office Bearers appointed in terms of Section 19;
- 6.11. "SAHERPA" means the South African Home Equity Release Protection Association;
- 6.12. "Seniors Citizen(s)" means people over the age of 50 years;
- 6.13. "South Africa" means the Republic of South Africa.

7. LOCATION:

- 7.1. The housing of the Secretariat of the Association and the official records shall be agreed to from time to time at an Annual General Meeting after the inaugural meeting or as exigencies dictate and agreed to by the Management Committee.

8. MEMBERSHIP:

- 8.1. Membership shall be open to all relevant organisations participating in or having an interest in the Home Equity Release industry, with different categories of membership being offered to different organisations depending on the role of such organisations within the Home Equity Release industry.
- 8.2. Member Organisations shall be organisations or relevant individuals that become and remain members of SAHERPA.
- 8.3. Supplier Membership shall be offered to organisations that extend Home Equity Release Products.

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- 8.4. **Adviser Membership** shall be offered to organisations or appropriately qualified individuals that are involved in the provision of advice to consumers in the course of the consumer's assessment and consideration of a particular Home Equity Release Product offering. Such membership shall be on the understanding that such delegates shall have no voting rights in terms of this Constitution or in terms of any other area of operation of SAHERPA.
- 8.5. **Associate Membership** shall also be open to organizations functioning in South Africa which represent Senior Citizens' interests and devote all or part of their time and resources to the benefit of the elderly, or any other organisation that devotes its time and effort to the interests of the consumer in general terms.
- 8.6. **Special Membership** shall be accorded to all branches of the South African Legislature in order to allow communication and an exchange of views to take place freely. Such membership shall not limit the number of delegates, and shall be on the understanding that such delegates shall have no voting rights in terms of this Constitution.
- 8.7. **Observer Membership** shall be extended, at the sole discretion of Management Committee and / or Executive Committee of SAHERPA, to any other party that has or plans to have an interest in the Home Equity Release industry in South Africa, where such organisation does not meet the requirements of any of the other available categories of membership of SAHERPA. Such membership shall be on the understanding that such delegates shall have no voting rights in terms of this Constitution or in terms of any other area of operation of SAHERPA.
- 8.8. Organisations with similar objectives outside the borders of South Africa may apply to the Management Committee for membership and shall be classified as **Affiliate Members** should their applications be successful. Such delegates shall have no voting rights in terms of this Constitution or in terms of any other area of operation of SAHERPA.
- 8.9. The **Fellowship of SAHERPA** may be conferred on an individual or organisation who has given outstanding service to SAHERPA at the discretion of the Association after being debated at an Annual or Special General Meeting.
- 8.10. The Management Committee, upon receipt of a formal application or re-application from an organisation or individual for a particular category of membership, on the approved application form and with all required organisational detail and any other required supporting documentation, shall give consideration to granting membership to such an organisation or individual. It is recorded that the Management Committee will have sole discretion as far as the basis to be consistently applied in determining eligibility for different classes of membership, however, it is further specifically recorded that, in the context of applications for membership by prospective Supplier Members, such applications will only be approved in the event of compliance with the Code of Conduct. In the event of an application being rejected, the Management Committee shall give reasons to the applicant for such rejection.

9. LIMITATION OF LIABILITY OF MEMBER ORGANISATIONS:

- 9.1 The liability of Member Organisations shall be limited to One Rand (R1-00) each.

10. REGISTER OF MEMBERS:

- 10.1 The Association shall maintain a Register of Member Organisations, including the names, types of membership, addresses, telephone, fax and e-mail details of the Office Bearers of each Member Organisation.

11. CESSATION OF MEMBERSHIP:

11.1. A Member shall cease to be a member if it notifies SAHERPA in writing of such resignation, provided that all financial commitments are fully paid up;

11.2. The Management Committee of SAHERPA shall have the right to terminate membership of a Member Organisation if:

11.2.1. The financial undertakings and / or dues of the Member Organisation are not paid within three (3) months of due date, and notification, in writing, of such proposed cessation of membership has been given to the Member Organisation;

11.2.2. The Member Organisation no longer complies with the qualifications or standards required for such membership per clause 7.10 of this constitution, subject to the required process of assessment and subsequent termination of membership, as stipulated by SAHERPA's Management Committee being adhered to;

11.2.3. The Member Organisation brings the name of SAHERPA into disrepute.

11.3. Provided that in the event of termination of a Member Organisations' membership by the Management Committee in terms of clause 10.2 above, the Member Organisation shall have the right to appeal against such termination to the Management Committee; Arbitration and finally a Court of law.

12. MEETINGS:

12.1. The Management Committee shall meet at least twice each year, or more often if required, of which one meeting shall be an Annual General Meeting of the Association at which office bearers shall be elected for the ensuing year.

12.2. Meetings shall be held at such time and place as notified by giving Member Organisations and any other required attendees not less than twenty-one (21) days notice in writing, such notice being counted from the date of dispatch of the notice; provided that in case of urgency the meeting may be called at shorter notice as decided by the Management Committee. Non-receipt of duly served notice of meeting shall not nullify the proceedings of such meeting.

12.3. The Chairman shall preside at every General Meeting, Special General Meeting and the Annual General Meeting.

12.4. If there is no such Chairman, then the Deputy Chairman shall preside. If there is no Deputy Chairman, a Chairman shall be elected from those members eligible to vote that are present for that meeting.

12.5. Any person representing a Member Organisation who fails to attend three consecutive meetings without leave of absence acceptable to the Management Committee shall be replaced in the event of the Management Committee requesting a different representative from that Member Organisation.

13. SPECIAL GENERAL MEETINGS:

13.1. A Special General Meeting to deal with matters of urgency may be called by:

13.1.1. The Chairman; or

13.1.2. The Management Committee; or

13.1.3. May be requisitioned, with a written motivation, by a Member Organisation who shall be represented at such meeting. Failure by the Member Organisation to be represented at a Special General Meeting called by that Member Organisation shall nullify such meeting.

14. ANNUAL GENERAL MEETING:

14.1. The Association shall hold an Annual General Meeting within three (3) months of the end of the financial year on such date and at such time and place as the Management Committee may decide.

15. COMMITTEE MEETINGS:

15.1. It shall be competent for the Association to structure such subcommittees as deemed necessary from time to time, and such subcommittees shall function within the confines and rules of this constitution as though they were the primary representative members or Office Bearers of SAHERPA.

16. PROCEEDINGS AT ANNUAL GENERAL MEETING:

16.1. The Annual General Meeting shall deal with the Annual Report and Financial Statements, the election of the Chairman and other Office Bearers and such other business of which due notice has been given.

17. QUORUM:

17.1. No business of any nature whatsoever that is inconsistent with the aims, objects, ideals or policies as approved or amended at a Special General Meeting or Annual General Meeting shall be transacted at any meeting.

17.2. No business shall be transacted at any;

17.2.1. Annual General Meeting or Special General Meeting unless at least 50% of Supplier Members are present and that such Supplier Members present at the Annual General Meeting or Special General Meeting make up the majority of attendees of such meeting. It is further provided that at least one one Associate Member shall also be present. It is further provided that where a Member Organisation cannot be present at such meeting, it may give its proxy to the Chairman of the meeting or to any other Member Organisation which is able to be present.

17.2.2. Management Committee or sub-committee meeting unless a majority of the committee members is present.

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17.3. If a quorum is not present twenty minutes after the designated time of the meeting, the meeting may be adjourned to a date within a reasonable period within seven (7) to twenty-one (21) days of the original meeting. At such adjourned meeting, those present shall form a quorum, subject to the requirements of clause 16.2. Where a meeting has been adjourned, the Chairman shall notify all Member Organisations of the following matters:

17.3.1. The time and place to which the meeting has been adjourned;

17.3.2. The matters before the meeting when it was adjourned; and the grounds for the adjournment.

18. VOTING:

18.1. All decisions taken at any meeting of the Association shall be by majority vote of the Supplier Members and Associate Members present and voting at the meeting. In the case of an equality of votes, the Chairman shall have a casting vote in addition to a deliberative vote.

19. MEETINGS OF THE ASSOCIATION:

19.1. Representative members shall be elected at:

19.1.1. Annual General Meetings, Ordinary Meetings and Special General Meetings.

19.2. Any Member Organisation in good standing may attend the Annual General Meeting or a Special General Meeting; provided, however that Supplier Members and Associate Members shall be represented by not more than one (1) voting delegate per organisation.

20. APPOINTMENT OF THE ASSOCIATION OFFICE BEARERS:

20.1. The Chairman, Deputy Chairman, Secretary, Treasurer and one (1) other member, shall be nominated and elected by the voting delegates either from amongst their number or externally, provided the requisite skills are in existence at every Annual General Meeting and shall, with the members appointed under section 19.2, form the Management Committee, provided that:

20.1.1. Not more than one member per participating Supplier Member may be elected, up to an overall maximum of 50% of the total number of members of the Management Committee.

20.2. Every individual elected to the Management Committee shall have the right to appoint one (1) alternate member who shall be permitted to attend meetings but not permitted to exercise a vote unless standing in for an elected member unable to attend a meeting.

20.3. No persons shall be elected as Office Bearers unless their organisations are fully paid up members of the Association (if relevant).

20.4. A person elected as an Office Bearer shall act impartially in such capacity.

20.5. In the case of resignation or serious incapacity of an Office Bearer, the Chairman may, after consultation with the Management Committee, co-opt a replacement. In the event of the Chairman being the in-capacitated party, the Vice-Chairman may co-opt a replacement.

20.6. All Office Bearers shall retire from office at each Annual General Meeting. A retiring Office Bearer may be eligible for re-election but the Chairman shall only serve in office for a maximum of two (2) consecutive years but may be re-elected as Chairman after a year out of office.

21. VACATION OF OFFICE:

21.1. The Office Bearer(s) shall vacate office upon:

21.1.1. Their resignation being submitted in writing to the Chairman;

21.1.2. The Office Bearer or his /her organisation being declared insolvent;

21.1.3. Being legally declared incapable of managing their own affairs;

21.1.4. The Member Organisation which the Office Bearer originated from ceasing to be a Member Organisation;

21.1.5. The Chairman's resignation being submitted in writing to the Management Committee;

21.1.6. As a result of a Special General Meeting, decided on by majority of vote.

21.2. Failing to attend three (3) meetings without prior leave of absence for reasons acceptable to the Chairman.

21.3. A Special General Meeting of the Association called for that purpose may remove the Office Bearer(s) for bringing the Association into disrepute by his / their actions.

21.4. Or, in accordance with 19.6 above.

22. MANAGEMENT AND/OR SUB-COMMITTEE REMUNERATION:

22.1. The Management Committee and/or the Executive Committee Members:

22.1.1. Shall not be entitled to receive any remuneration for their services as Committee Members;

22.1.2. May be entitled to reimbursement of travelling, accommodation or other expenses properly incurred by them in the execution of their duties, subject to prior written authorisation by the Management Committee. Provided, however, that a person authorised in writing to act on behalf of the Association by the Management Committee shall be entitled to reimbursement of travelling and accommodation expenses.

23. FINANCIAL:

23.1. **Borrowing Powers:** The Management Committee shall not be entitled to borrow money or make loans out of the Association's funds.

- 23.2. **The Financial Year** of the Association shall be from the first day of March to the last day of February of the ensuing year.
- 23.3. **The Management Committee** shall prepare and approve a budget of estimated income and expenditure for each and every financial year which shall be made available to members for their scrutiny and approval prior to its implementation.
- 23.4. **The Management Committee** shall cause accurate financial records to be maintained and a financial statement shall be presented to every Management Committee meeting.
- 23.5. **At the end of each financial year** the accounts of the Association shall be audited prior to the Annual General Meeting and a copy of these statements shall be submitted to all Member Organisations.
- 23.6. **The annual contributions** payable by Member Organisations shall be determined at every Annual General Meeting in conjunction with the Budget.
- 23.7. **The income and property** of the Association from whatever source it is derived shall be applied solely towards the promotion of the Mission and Objectives of the Association.
- 23.8. **The Management Committee** shall cause an accurate record of the assets of the Association to be maintained.

24. MINUTES AND MINUTE BOOK:

- 24.1. The Management Committee shall cause minutes to be kept of the proceedings of all meetings. The names of committee members present at meetings and any apologies by them shall be recorded in the minutes.
- 24.2. Such minutes shall be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the succeeding meeting.
- 24.3. Minutes of all the Association meetings shall be circulated to Member Organisations.

25. FUNCTION/POWERS AND DUTIES OF THE MANAGEMENT COMMITTEE:

- 25.1. The functions of the Association shall be managed by the Management Committee who may pay all reasonable expenses, including administrative staff expenses, incurred in administering and promoting the Association.
- 25.2. The Management Committee shall be empowered to exercise all of the rights and powers of the Association and shall be obliged to open and operate a banking account.
- 25.3. The Management Committee shall have the power to appoint an Sub-Committee of not more than five (5) members to perform such functions as delegated to it by the Management Committee.
- 25.4. The Management Committee shall have the power to co-opt additional members on account of their expertise and experience for such matters as the Management Committee may determine, but that such co-opted members shall not have voting rights.

- 25.5. There shall be three mandated members, of whom the Treasurer shall be one, to sign all cheques and cheques shall be signed by any two of the three mandated members. Electronic banking means may be utilised at the discretion of the Management Committee.
- 25.6. The functions of the Association shall be carried out under the control and supervision of the Management Committee, as it may consider proper.
- 25.7. The Management Committee shall have the power to make investments, acquire, hold, alienate, exchange, let or hire movable or immovable property on behalf of the Association and execute all documents necessary to give effect thereto. All such documents shall be signed by the Chairman and one other Management Committee Member; provided, however, that any major acquisition shall be subject to prior approval by a General Meeting of the Association; provided further, however, that all movable or immovable property belonging to the Association or to which it may become entitled shall be vested in the name of the Association for its sole use.
- 25.8. The Management Committee may delegate any of their powers to Sub-Committees consisting of such members or non-members of the Association as they deem fit; provided that the Chairman of such Sub-Committee is a member of the Management Committee.
- 25.9. The Chairman and Deputy Chairman of the Association shall be ex-officio members of all Sub-Committees.
- 25.10. The Management Committee shall have the power to affiliate with international and national organisations with similar interests.
- 25.11. The Management Committee shall have the right to raise funds from external sources; provided, however, that such right shall not place a financial obligation on either the Association or the Member Organisations.
- 25.12. The Management Committee shall have the right to promulgate any regulation/guidelines for the improvement of the administration of the Association.
- 25.13. The provision of section 10.3 shall likewise be applicable where an Office Bearer of the Association has been removed from his office.
- 25.14. The Association shall indemnify and hold harmless its Office Bearers against any claims or actions flowing from the normal conduct of their duties.

26. FISCAL CONDITIONS:

- 26.1. Notwithstanding anything to the contrary hereinbefore contained or implied, the powers of the Association, as excluded and modified aforesaid, shall be further subject to due compliance with the condition stipulated in Section 18A (as far as may be applicable), and Section 30 of the Income Tax Act No. 58 of 1962, as amended, as read with the Ninth Schedule thereto; in order thereby to facilitate the Association's eligibility for tax exempt status in terms of Section 10(1)(cN), and where also applicable the further fiscal benefit envisaged by Section 18A of the Income Tax Act. Such prescribed fiscal conditions presently applicable to the Association in terms of the Income Tax Act are set forth in Schedule "A" attached to this Constitution.


27. AMENDMENT TO THE CONSTITUTION:

- 27.1. This constitution may be amended in any way by a two-thirds (2/3) majority of delegates of Member Organisations present and eligible to vote at an Annual General Meeting or Special General Meeting at which notice of the amendment is on the agenda. A written proposal of the amendment to the Constitution shall be given to all Member Organisations for their comment not less than twenty-one days prior to it being placed on the agenda of a meeting for that purpose.

28. DISSOLUTION OF THE ASSOCIATION:

- 28.1. The Association may be dissolved if not less than two-thirds (2/3) of the delegates of Member Organisations present and eligible to vote at an Annual General Meeting or Special General Meeting of the Association are in favour of dissolution; provided that the notice convening the meeting has clearly stated that the question of dissolution of the Association and disposal of its assets are to be considered.
- 28.2. Upon dissolution of the Association, if there remain any net assets, after liabilities have been met, such assets shall be transferred to such other non-profit organisation, having similar objectives to those of the Association, as is agreed upon by the members at the Annual General Meeting or Special General Meeting at which the dissolution was approved.

Agreed:



SIGNATURE

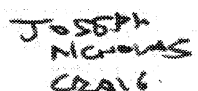

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FULL NAME


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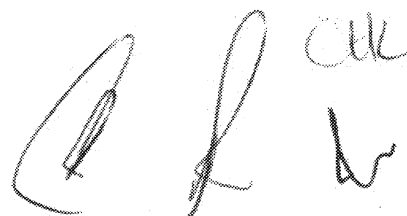

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ANNEXURE A

FISCAL CONDITIONS AS PRESCRIBED IN SECTION 18A AND SECTION 30 OF THE INCOME TAX ACT NO. 58 OF 1962 (AS AMENDED)

Pursuant to clause 25 of the Constitution:

Subject to the Commissioner's approval of the Association for purposes of the under mentioned provisions of the Income Tax Act, the Association shall be bound to conform to the conditions prescribed by the relevant legislation, as follows:

- 1. As a Public Benefit Organisation approved by the Commissioner for purposes of section 18(A)(1) of the Income Tax Act, the Management Committee shall:**
 - 1.1. Ensure that any eligible donations or subscriptions actually paid or transferred to the Association, are applied solely to undertake, or to provide funds or assets to assist other public benefit organisations, institutions, boards or bodies to conduct such activities as listed from time to time in the Income Tax Act (Public Benefit Activities Part II of the Ninth Schedule), including such activities as may be determined by the Minister by notice in the Gazette from time to time for purposes of section 18A of the Act.
 - 1.2. Comply with, and have regard to, any such additional requirements as may be prescribed by the Minister from time to time in terms of section 18A (1), or as may be otherwise imposed by the Commissioner in terms of the Act, including any additional requirements prescribed by the Minister as binding upon public benefit organisations carrying on any specified activity before donations shall be allowed as a deduction for purposes of section 18A.
 - 1.3. Ensure that an audit certificate is provided upon submission by the Association to the Commissioner of its annual return for each year of assessment, confirming that all donations or subscriptions received or accrued by the Association in that year, in respect of which section 18A receipts were issued by the Association, were utilised in the manner contemplated in Section 18A(2A).
- 2. As a Public Benefit Organisation approved by the Commissioner for purposes of section 30 of the Income Tax Act, the Management Committee shall:**
 - 2.1. Carry on the public benefit activities of the Association, therefore activities listed in Part I of the Ninth Schedule or any other activity determined by the Minister from time to time in the Gazette to be of a benevolent nature, having regard to the needs, interests and well-being of the general public, in a non-profit manner, and with an altruistic or philanthropic intent.
 - 2.2. Ensure that no such activity is intended to directly or indirectly promote the economic self-interest of any fiduciary, or employee, of the Association, otherwise than by way of reasonable remuneration payable to that fiduciary or employee.
 - 2.3. Ensure that at least eighty-five percent (85%) of such activities, measured as either the cost related to the activities or the time expended in respect thereof, are carried out for the benefit of persons in the Republic, unless the Minister of Finance, having regard to the circumstances of the case, directs otherwise; provided that the cost incurred for the benefit of persons outside the Republic shall be disregarded to the extent of donations or subscriptions received by the Association from persons who are not resident and receipts and accruals derived directly or indirectly there from, which donations, receipts, and accruals have not previously been taken into account for purposes of this proviso.

- 2.4. Take reasonable steps to ensure that:
- 2.4.1. Each such activity as is carried on by it is for the benefit of, or is widely accessible to, the general public at large, including any sector thereof (other than small and exclusive groups);
 - 2.4.2. Each such activity carried on by it is for the benefit of, or is readily accessible to, the poor and needy; or
 - 2.4.3. At least Eighty-Five Percent (85%) of its funds are derived from donations, grants from any organ of state, or foreign grants.
- 2.5. Comply with such conditions, if any, as the Minister may prescribe by way of regulation to ensure that the activities and resources of the Association are directed in the furtherance of its objects.
- 2.6. Submit to the Commissioner a copy of the Constitution, will or other written instrument under which it has been established.
- 2.7. In terms of the Constitution, the Association shall be required to have at least three persons, who are not connected persons in relation to each other, to accept the fiduciary responsibility of the Association, and that no single person directly or indirectly controls the decision making powers of the Association.
- 2.8. Be prohibited from distributing any of its funds to any person (otherwise than in the course of undertaking any public benefit activity) and be required to utilise its funds solely for the objects for which it has been established, or to invest such funds:
- 2.8.1. With a financial institution as defined in section 1 of the Financial Services Board Act, 1990 (Act No. 97 of 1990); other than an institution contemplated in paragraph (a)(xii) of that definition; and/or
 - 2.8.2. In securities listed on a stock exchange as defined in section 1 of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985); and/or
 - 2.8.2.1. In such other prudent investments in financial instruments and assets as the Commissioner may determine after consultation with the Executive Officer of the Financial Services Board and the Director of Non-Profit Organisations; provided that the provisions of this sub-paragraph do not prohibit any such organisation from retaining any investment (other than any investment in the form of a business undertaking or trading activity or asset which is used in such business undertaking or trading activity) in the form that it was acquired by way of donation, bequest or inheritance.
- 2.9. Be required on dissolution to transfer its assets to:
- 2.9.1. Any similar public benefit organisation which has been approved in terms of section 30(3) of the Income Tax Act;
 - 2.9.2. Any institution, board or body which is exempt from tax under the provisions of section 10(1)(cA)(i) of that Act, which has as its sole or principal object the carrying on of any public benefit activity; or
 - 2.9.3. Any department of state or administration in the national or provincial or local sphere of government of the Republic, contemplated in section 10(1)(a) or (b) of that Act.
- 2.10. Be prohibited from accepting any donation which is revocable at the instance of the donor for reasons other than a material failure to conform to the designated purposes

and conditions of such donation, including any misrepresentation with regard to the tax deductibility thereof in terms of section 18A; provided that a donor (other than a donor which is an approved public benefit organisation or an institution, board or body which is exempt from tax in terms of section 10(1)(cA)(i), which has as its sole or principal object the carrying on of any public benefit activity) may not impose conditions which could enable such donor or any connected person in relation to such donor to derive some direct or indirect benefit from the application of such donation.

- 2.11. Be required to submit to the Commissioner a copy of any amendment to the Constitution, will or other written instrument under which it was established.
- 2.12. Ensure that it is not knowingly a party to, and does not knowingly permit itself to be used as part of any transaction, operation or scheme of which the sole or main purpose is or was the reduction, postponement or avoidance of liability for any tax, duty or levy, which, but for such transaction, operation or scheme, would have been or would have become payable by any person under the Act or any other Act administered by the Commissioner.
- 2.13. Not pay any remuneration, as defined in the Fourth Schedule to the Income Tax Act, to any employee, office bearer, member or other person which is excessive, having regard to what is generally considered reasonable in the sector and in relation to the service rendered; and has not and will not economically benefit any person in a manner which is not consistent with its objects.
- 2.14. Comply with such reporting requirements as may be determined by the Commissioner.
- 2.15. Take reasonable steps to ensure that the funds which it may provide to any association of persons as contemplated in paragraph (b)(iii) of the definition of "Public Benefit Activities" in section 30 of the Act, are utilised for the purpose for which they are provided.
- 2.16. Take all necessary steps to procure that, within such period as the Commissioner may determine, it is registered in terms of section 13(5) of the Nonprofit Organisations Act, 1997 (Act No. 71 of 1997), and complies with any other requirements imposed in terms of that Act, unless the Commissioner in consultation with the Director of Nonprofit organisations designated in terms of section 8 of the Nonprofit Organisations Act, 1997, on good cause shown, otherwise directs.
- 2.17. Shall not use its resources directly or indirectly to support, advance or oppose any political party.
- 2.18. Ensure that any books of account, records or other documents relating to its affairs are:
 - 2.18.1. Where kept in book form, retained and carefully preserved by any person in control of the Association, for a period of at least four years after the date of the last entry in any such book; or
 - 2.18.2. Where not kept in book form, are retained and carefully preserved by any person in control of the Association, for a period of four years after the completion of the transaction, act or operation to which they relate.

ANNEXURE B

SAHERPA CODE OF CONDUCT

SAHERPA Members undertake to adhere to the following Code of Conduct within their organisations and as a basis for conducting business in the context of providing home equity release / reverse mortgage products as one of the conditions of membership of SAHERPA.

SAHERPA membership will be terminated in the event of SAHERPA Members being found to be non-compliant with the Code of Conduct or failing to remedy such non-compliance.

For purposes of this document, the definition of Home Equity Release Products means loans issued to borrowers over the qualifying minimum age, currently set at age 65, in terms of which residential property is offered as security for the loan, which is not ordinarily repayable for the lifetime of the borrower, subject to confirmation that in duplum is confirmed to have no force and effect in the context of Home Equity Release Products. It is recorded that the words Home Equity Release shall have the same meaning as Reverse Mortgage for purposes of this definition.

- i. Undertake to treat clients with honesty, dignity and respect at all times.
- ii. The members of SAHERPA agree to provide fair, simple and complete presentation of their plans.
- iii. The benefits, obligations, variables and limitations of the product must clearly be set out in their literature, including all costs which the applicant has to bear, the position on moving, the general tax implication, the likely impact on the estate and the effect of changes in house values and interest rates.
- iv. Provide clear, no-cost information that allows clients to obtain necessary information to decide to proceed or not.
- v. Make use of distribution and or sales channels that are authorised Financial Services Providers and furthermore ensure that the individuals that represent the distribution and or sales channels and interact with clients will be at least 'fit and proper' according to FAIS, but also have demonstrated product specific competence and have been accredited as such by the product provider.
- vi. Encourage that the client discuss the product / transaction with relevant members of their family.
- vii. Guarantee security of tenure provided all terms and conditions of the specific product have been met by the client.
- viii. All product providers contractually commit to provide a 'no negative equity' or 'non-recourse' guarantee i.e. you will never owe more than the net realisable value of your home, provided the terms and conditions of the loan have been met.
- ix. With the exception of home-owners insurance as envisaged in Section 106 (1)(b)(i) of the National Credit Act, and with the further exception of the property valuation and conveyancing services, not assert or imply that any client or prospective client needs to make use of any product or service associated with any product supplier, or any other company for that matter, irrespective of whether such other company is or is not associated with the product supplier in any way.

- x. To the extent that there are no other over-riding bodies or legislation, submit to the dispute resolution and complaint resolution facilities provided by SAHERPA, in the event of disputes or complaints arising with clients.
- xi. Require that the distribution and / or sales channels deployed by the product provider, and in turn the individuals that represent the distribution and / or sales channels and interact with clients and prospective clients, adhere to this same Code of Conduct, with the exception of points vii. and viii. as these issues would pertain exclusively to the product supplier.

Ref: SAHERPA Constitution 2007 Bulkt 5 / NC / Br2 / SAHERPA

Handwritten signatures and initials in the bottom right corner of the page. There are three distinct marks: a large, stylized signature, a smaller signature below it, and a set of initials to the right, possibly 'CH'.